



PRIVATE CLIENT
GLOBAL ELITE

THE MONTH

JUNE 2023

THE DIGITAL FUTURE

20 - 20 23 - 24

Private Client Exchange Bermuda

Rosewood Hotel, Bermuda, 9-10 July 2023

Minds of the Future Exchange

Terre Blanche, 14-16 September 2023

Trust & Estates Litigation Forum

La Mamounia, Marrakesh, 20-22 September 2023

Private Client Exchange France

Chateau Saint-Martin, 12-13 October 2023

International Private Client Forum

Villa d'Este, 15-18 November 2023

Private Client Exchange UK

Cliveden House UK, 30 November - 1 December 2023

Private Client Exchange Cayman

The Ritz, 16 -17 January 2024

Private Client Global Elite Celebratory Dinner

Spencer House, London, 1 February 2024

Private Client Forum Americas

Banyan Tree Mayakoba Mexico, 28 February - 1 March
2024

International Women's Day Leadership Brunch

London, Thursday 7 March 2024

Private Client Exchange Switzerland

Guarda Val, Switzerland, 14-15 March 2024

Rising Leaders Leadership Brunch

London, 18 April 2024

Private Client Exchange Italy

Puglia, Italy, 21-22 April 2024

Private Client Exchange Asia

The Capella, Singapore, 16-17 May 2024



Please note that events in **gold** require an additional fee to attend, with a membership discount.

The Exchanges in **blue** are complimentary residential events depending on your Membership Tier Package.

Events in **grey** are additional member-only events as part of your Membership.

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EDITOR NOTE

In this edition on digital assets and AI, what else could I do but write my Editor Note using Chat GPT?

Here is what Chat GPT thought I might like to say...

Welcome to the latest edition of The Month, where we dive into the ever-evolving landscape of AI and the digital world in the realm of private wealth. As we navigate the boundless possibilities and complexities of technology, it is imperative that we examine its profound impact on wealth management, investment strategies, and the overall concept of prosperity.

The rise of artificial intelligence has become an undeniable force, reshaping industries and transforming the way we live and work. In the realm of private wealth, AI has emerged as a game-changer, revolutionizing the approach to wealth management and redefining what it means to build and preserve fortunes in this digital age.

In an era where technology evolves at lightning speed, it is crucial for wealth managers, investors, and individuals to embrace the digital world thoughtfully. Together, let us navigate the uncharted waters of AI and the digital realm, harnessing their potential to create a more prosperous future.

Thank you for joining us on this captivating exploration of AI and the digital world in private wealth. We hope this edition of The Month sparks new ideas, sparks debate, and ignites your own pursuit of knowledge in this exciting domain.

Sincerely,
[Your Name] Editor-in-Chief, The Month

Not too shabby! Thank you very much to our contributors, Marc Giesbrecht and Oliver Hart from Lombard Odier; David Blayney KC from Serle Court, Susannah Roth from Margaret O'Sullivan Estates.

We hope you enjoy this edition.



**FRANCESCA
FFISKE**

GLOBAL DIRECTOR,
PRIVATE CLIENT

A CULTURAL INTERLUDE

For those of you who haven't had a go on Chat GPT, I really could not recommend it highly enough. Below, you can find the musical stylings of Chat GPT after I asked it to tell us about 'AI in the Private Wealth World' in the form of a 90s rap.

The titles it came up with were almost as entertaining: 'Money Moves: The AI Rap', 'Silicon Success: The AI Wealth Anthem', 'Dollars and Algorithms'.

Perhaps we will perform this at our next event.

(Verse 1) Yo, let me take you back to the 90s, when AI was a dream, But now it's real, in private wealth advisory law, it's a supreme team. We're talking 'bout the power of tech, the future at your fingertips, AI revolutionizing wealth management, giving advisors some mad tricks.

(Chorus) AI in private wealth advisory law, it's the real deal, Streamlining operations, making clients feel, The power of data, insights that amaze, Enhancing investments, paving wealthier ways.

(Verse 2) Wealth data analysis, AI's got the knack, Processing numbers, spotting trends, and keeping portfolios on track. Investment decisions, data-driven like never before, AI algorithms crunching numbers, making advisors soar.

(Chorus) AI in private wealth advisory law, it's the real deal, Streamlining operations, making clients feel, The power of data, insights that amaze, Enhancing investments, paving wealthier ways.

(Verse 3) Compliance is key, in this legal domain, AI ensures we're clean, keeps us out of regulatory pain. Monitoring transactions, KYC, AML on the go, Automating checks, so we can focus on the dough.

(Chorus) AI in private wealth advisory law, it's the real deal, Streamlining operations, making

clients feel, The power of data, insights that amaze, Enhancing investments, paving wealthier ways.

(Bridge) Estate planning and trust management, AI's got it all, Analyzing legal docs, tax laws, no need to crawl. Creating personalized plans, ensuring smooth transitions, AI supporting advisors, wealth preservation missions.

(Outro) So, in this rap from the 90s, we've seen the AI flow, Private wealth advisory law, it's where we gotta go. Embracing technology, riding the digital wave, AI transforming wealth management, paving the way to behave.

Alternatively, if you want to read about AI in a more short-form manner (and rather more high-brow), you can read our haiku...

AI aids counsel,
Private wealth's legal frontier,
Efficiency soars.

Or perhaps a sonnet?

AI and wealth law, hand in hand they stride,
Codes and lawyers united in their quest,
Efficiency and insight they provide, A symbiotic partnership, the best.

Through data's labyrinth, AI prevails, Unraveling complexities with ease, Empowering lawyers, scaling the scales, Delivering results that truly please.

But let us not forget the human touch, For empathy and wisdom must remain, In private wealth, integrity means much, With AI's aid, a harmonious gain.

Together they advance, a powerful force, AI and wealth law, shaping a new course.

It's up to each of you decide how much AI will affect your practice - it is still a bit of fun now, but how quickly will it become something integral to be aware of? What skills do we need to learn to make sure AI will not 'steal our jobs'?

We are always keen to know what you think.

CAN TECHNOLOGY BRING THE 'SPOTIFY' EXPERIENCE TO PORTFOLIOS?

MARC GIESBRECHT, CHIEF INVESTMENT OFFICER AD INTERIM,
OLIVER HART, SENIOR PRIVATE BANKER, LOMBARD ODIER.

Wealth requires imagination. As wealth managers, we have always sought to maximise the potential of our clients' assets. In difficult markets, we must deliver more – by helping them understand how their wealth could evolve under many different scenarios, and exactly how they can use it to fulfil their ambitions. Technology can be a powerful enabler here, including new portfolio construction tools that offer a more intuitive way for bankers to open and structure discussions, and can simulate different ways for clients to reach their goals.

According to a GlobalData survey of wealth managers, 87% see big tech companies as a threat. This is hardly surprising. Nowadays we all have access to seductive, wholly personalised digital experiences at our fingertips: platforms that predict music we would like to hear, newsfeeds that select stories we want to read, and apps that pre-fill our shopping baskets with food we like to eat. Can wealth managers embrace new tools to their advantage, to offer clients a similar experience?

Of course, technology has long driven advances in investment reporting. Over the years, it has helped our clients understand the value we can add to their portfolios. They can drill down into the drivers of performance in a few clicks, track the impact of recent trades, or assess currency risk. Better information flow and analysis now means our clients have better quality conversations with their bankers, which, importantly, they do just as often as before. A wealth report from Ernst & Young reinforces our anecdotal experience: that well over half of wealthy clients think technology has improved their investment decision-making.

Portfolio construction is the next area to get an upgrade. At Lombard Odier, our platform, 'Your

Wealth Outlook,' is changing the way our bankers is changing the way our bankers and clients interact.

Its most important function is as an enabler, helping give structure, focus, and simulate different scenarios for discussion, providing a greater depth to personal banker-client relationships, rather than replacing it. By capturing a client's goals, creating a personal balance sheet with their assets and liabilities, and modelling ways to fund them, this tool creates several completely personal investment plans for them to consider. These plans optimise the chances of meeting their goals, e.g. funding daily living costs, paying off a mortgage, or leaving a legacy for their family. Rather than a single investment portfolio, it can create different portfolios for each goal, each with a different time horizon, asset allocation and risk profile.

New tools such as these also simulate future return expectations, rather than extrapolating them from past performance. As clients question the impact of inflation, recession and higher interest rates on their wealth, this helps anchor their return expectations and understanding of risk. In such an uncertain investment climate, it can also be hard to see beyond the impact of short-term market movements. By modelling the evolution of a client's wealth over time, and suggesting several different investment allocations to choose from, we are acting as a sort of 'satnav,' offering various routes to get them where they want to be. As market conditions change, the technology constantly updates the probability of meeting their goals, meaning we can adjust investments, time duration, and levels of risk as needed.

Such technological advances also offer clients new ways of thinking: those considering private equity commitments can see cashflow planning for different size commitments over multiple years, or model the impact of leverage on different parts of their portfolio. We find that such tools help foster long-term thinking and planning. When markets get tough, knowing that personal goals are covered can also be a profound relief. By focusing on securing essential needs, and then aiming towards long-term aspirations, we are moving from investing based on abstract, composite market capitalisation benchmarks to real life goals – and hopefully to a more intuitive digital experience of wealth. ■

PRIVATE WEALTH NOTICEBOARD

Alfred Ip and his colleague Azan Marwah recently wrote a very interesting article on how to protect one's family as a same-sex couple in the context of Hong Kong.

[You can read more about it in their blog post here](#), and they have a video too.

They discuss everything from family planning and adoption to IVF and how parents can protect their rights as parents.

Recent UK Supreme Court Decision...

The UK Supreme Court has made a landmark decision that claims for financial provision do not survive the death of a spouse, after several cases looking at this very issue. The vote was unanimous.

Firm Moves This Month

Withers have appointed Jocelyn Tsao, partner and head of the firm's Hong Kong divorce and family team, as Managing Director of their Hong Kong office.

Boies Schiller Flexner has appointed Pierre Valentin from Withers, where he will focus on art law.

Charles Russell Speechlys have hired Vanessa Duff as a partner in their family team.

Boodle Hatfield have hired Andrew Loan from Fieldfisher into their private client and tax department.

Ocorian have appointed Leanne Le Signe as head of group legal and governance.

Stewarts have appointed Matthew Greene as a partner in their tax litigation and resolution department in the UK.

BDB Pitmans have promoted four of its associates to partner in the private wealth team.

Macfarlanes have hired Tom Henderson as head of trusts and personal tax from Charles Russell Speechlys.

Greenburg Glusker have hired Thomas Giordano Lascari as a partner in their private client department.

AN INTRODUCTION TO REASONING MANAGEMENT

NEW TECH AND TECHNIQUES TO DEVELOP ARGUMENTS, CONCLUSIONS AND PREDICTIONS MORE EFFICIENTLY AND RELIABLY

David Blayney KC, Serle Court and Associo

The penny dropped as I worked night and day in a leading "hub" role in the defence team in the RBS Rights Issue Litigation. We were engaged in a complex reasoning project and, though experts in our field, we lacked the tools and techniques to do the job efficiently. We lacked them because they simply didn't exist. I realised that this was an extreme instance of a problem that has irked me throughout my professional life, on small cases as well as big ones.

After the RBS case settled at the court door in 2017, I resolved to develop tools and techniques to improve the process of investigating issues and developing arguments, conclusions and predictions. I call the process "Reasoning Management". I recruited a skilled team of designers and software engineers to create a software platform, "Associo", to make the process easier. In this article I explain what Reasoning Management involves and who can benefit from it.

Reasoning

"Reasoning" is the process of thinking about something in a logical way to form an argument, conclusion, or prediction. Reasoning is typically communicated by describing the analysis in words, for example in a legal opinion.

Many of us do this for a living, including lawyers, accountants, tax advisers and compliance staff. We have clients or employers who need us to provide arguments, conclusions or predictions on matters of importance to them. Do we comply with this regulation? What are the prospects of winning this case? What is the value of this asset or liability? Can we verify this statement? In answering these questions, we must make conclusions and

predictions.

Improving the reasoning process with new technology and techniques benefits the whole spectrum of professional services, in much the same way that the introduction of spreadsheets transformed the delivery of services requiring numerical calculations.

Structure

Structure is the key. All good reasoning has an underlying logical structure. Typical reasoning workflows concentrate too heavily on the (often imprecise) words that describe that structure, and pay too little attention to the structure itself. The Reasoning Management approach rectifies that, focusing attention on the logical structure, and using the structure as a framework on which to hang all relevant information so that it can be easily found again when required. At the heart of this new approach is a method of visualisation that I call a "reasoning graph".

Reasoning Graphs

Let's start with a simple example involving the application of a legal rule. Stripped to its essence, a rule might say, for example, "If A is true, and either of B or C is true, then D is true". A to C in this example are propositions describing criteria relevant to the application of the rule, whilst D describes a legal outcome.

If you needed to give guidance to colleagues or clients on how to apply this rule, you could provide them with a flowchart as depicted in Figure 1, or you could build them a simple software application acting as an interactive questionnaire leading them through the same steps.

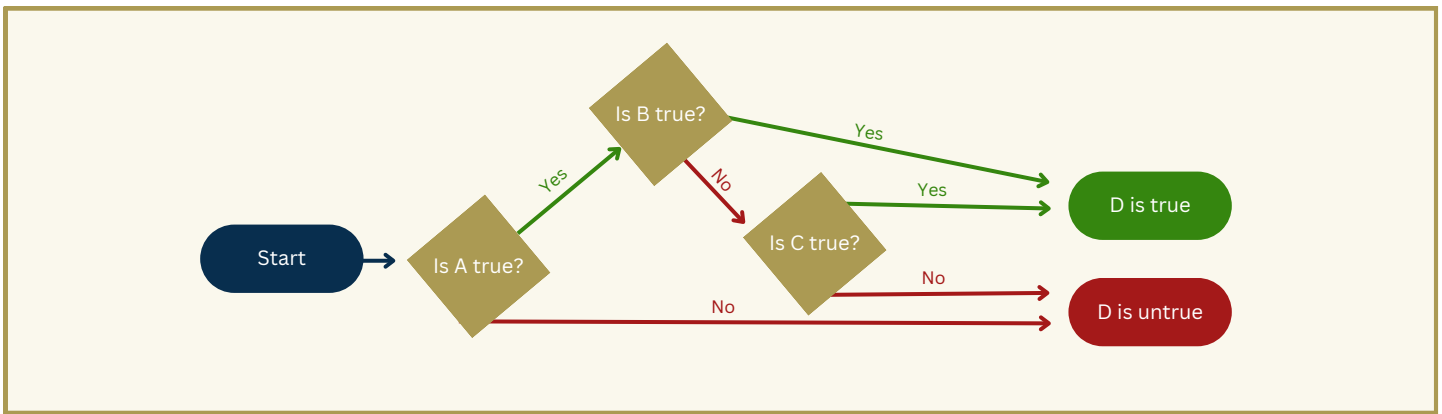


Figure 1

In simple instances involving a series of straightforward choices, the flowchart / questionnaire approach can work very well. Software platforms such as Bryter and Neota Logic are excellent for this, and many simple business processes follow this approach.

But on issues of nuance or complexity, the flowchart / questionnaire approach breaks down. This is because flowcharts and questionnaires assume that there is only a single valid path from each point in the analysis. Each question has a definite answer that takes you down a resultant route. But most reasoning tends to deal in shades of grey rather than black-and-white conclusions. Both the intermediate conclusions and the ultimate conclusion need to be expressed as probabilities.

This problem can be overcome by using a reasoning graph. This allows you to build the logical structure of the rule, and then apply "confidence scores" to represent competing arguments and probabilistic conclusions. Figure 2 shows the same rule, expressed as a reasoning graph with scores applied.

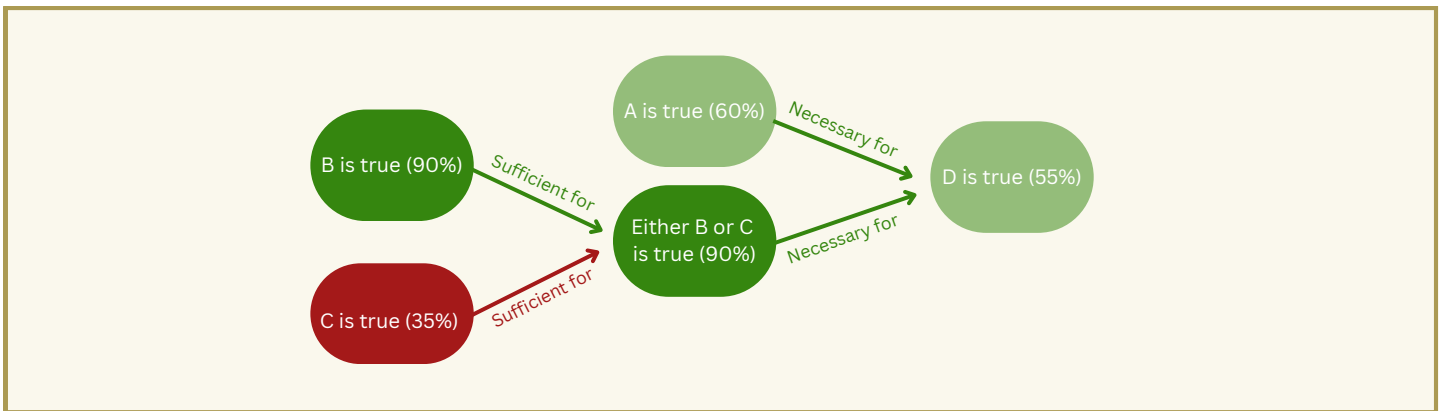


Figure 2

The uncertainty is now managed within the structure. And by applying different sets of scores, you can view people's differing judgements within the same analysis. You can also (as we see later) connect evidence to each point, so that all the relevant information is at your fingertips.

As the analysis grows in complexity, you divide it into filtered "Views", each leading to an important sub-conclusion within the overall analysis. Because each proposition in the analysis has a single entry in the Associo database, you don't have the duplication and risk of inconsistency that arises when trying to develop analysis in a long document.

Clearer and More Reliable Conclusions and Predictions

Using reasoning graphs provides an efficient and enjoyable way of applying the kind of rigorous step-by-step analysis that sets apart the most persuasive and highly regarded leaders in their fields.

Working for 30 years with colleagues at Serle Court and solicitors at leading law firms, I have had the pleasure of engaging with some of the finest minds in the legal profession. The best advisers and advocates are particularly good at the following: (i) holding complex logical structures in the forefront of their minds, (ii) assessing the likelihood of each proposition within the structure being upheld, and (iii) amending the structure and probability assessments when presented with relevant new information.

The use of reasoning graphs goes a long way towards democratising the ability to work with structures in this way. The innate ability to hold complex analysis in your head becomes less important when you can see the structure on the screen. Amending and adding to the structure, and revising probability assessments, are all much easier on the screen than in your head. Doing this on screen also has the great advantage that the structure is visible in real-time to colleagues, making meetings and calls more productive. And being able to see the analysis makes it much easier to spot mistakes and gaps in the reasoning.

The use of reasoning graphs also facilitates a crucial shift from imprecise and often ambiguous qualitative assessment to clear and precise quantitative assessment. The importance of this shift, and the proof that it can be made, is compellingly articulated in "Superforecasting, the Art and Science of Prediction" (Tetlock and Gardner, 2015) and "Noise, a Flaw in Human Judgment" (Kahneman, Sibony and Sunstein, 2021).

The techniques described in Superforecasting and Noise substantially overlap with the approach traditionally adopted by leading lawyers, but with some critically important refinements that have solid evidential backing. The common belief that judgemental assessments need to be expressed in vague terms because quantification is spurious is shown to be wrong by the results of the research described in "Superforecasting". Using the right techniques, massive improvements in predictive accuracy can be achieved.

The Superforecasting/Noise recommendations

that have yet to be widely adopted by the legal profession (but should be) include:

- the invocation of "wisdom of crowds" effects by getting individual team members to score each proposition independently, understanding these viewpoints, then looking carefully at the average of those scores before making a final team judgement; and
- the continuous updating of conclusions throughout the analysis as new information becomes available.

Both of these things are very difficult to do when following the traditional approach of developing analysis mentally or in narrative form, but can be done easily using Associo. We teach the full range of these techniques as part of our Reasoning Management training.

In short, there are solid grounds to conclude that the use of Reasoning Management techniques and Associo will enable human teams to make fewer analytical errors and make more consistently accurate predictions than traditional techniques.

Quantification and Valuation

This improved precision and accuracy is especially beneficial in contexts where the predictions that are being made relate to assets, liabilities or risks that need to be valued or quantified. Too often, the utility of carefully modelled calculations is undermined by ill-considered assumptions, for example as to the likelihood of an outcome relevant to the calculation. Using Reasoning Management in combination with financial modelling produces more reliable numerical conclusions. In my own field, this is particularly useful for providing clients and other stakeholders with regularly updated valuations of their litigation exposures.

Evidence Management

The other big advantage of adopting Reasoning Management is increased efficiency, particularly in complex or document-heavy matters. There are two main routes by which this increased efficiency is achieved. Both work by making use of the structured approach to developing the analysis.

The first mechanism by which efficiency is the time spent searching for relevant information,

where that information has already been seen by the team but not recorded in a way that makes it easy to retrieve. In the disputes context, this avoidable search for previously seen relevant information contributes to much of the pain experienced when pulling information together in the run-up to trial, and lengthens the drafting time required for every document describing the analysis. It is especially acute where team members leave, holding in their heads an extensive understanding of where relevant information is to be found, which then has to be recreated.

The solution to this problem lies in systematically attaching information to proposition(s) to which it is relevant, at or shortly after the information is found. The information can then be found easily, directly from the proposition that it affects, without any need for searching.

In Associo, this is done by maintaining tables of relevant information (documents, chronologies, things that witnesses can say) and connecting the individual pieces of information within these tables (or sets of information, such as a mini-chronology) to the propositions to which they are relevant. Figure 3 provides an illustration of this.

The second mechanism by which efficiency is increased is by adding focus to the investigation process. It is much easier to find relevant information when you can quickly see the propositions that need to be supported or countered. Tasks can be allocated to team members directly inside the analysis.

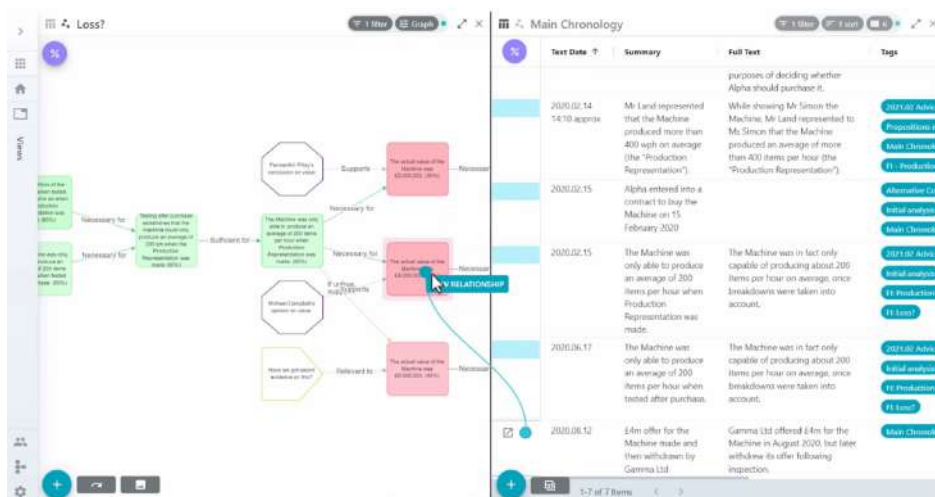
Smart use of AI

Structuring analysis opens the door to clever, targeted uses of AI. GPT-4 can already understand code output from Associo that describes reasoning structures. It will be a small step from this to generating first drafts of written advice, statements of case, witness statements, sections of letters etc, straight from reasoning graphs maintained by human experts in Associo. This will rightly put more emphasis on the substance of the analysis, with less time spent choosing the words to express it. Reasoning graphs can also be generated by AI from narrative inputs (e.g. the text of a statute).

In this way, professionals will unlock great benefits from AI while maintaining visibility and control of the core activities of building analysis and applying judgement to predict outcomes.

State of Play

Having devoted much of my time over the last five years to developing this new toolset, I am now able to provide services as a barrister in powerful new ways. By focusing my time on high-impact tasks such as supervising the development of the analytical structure, reviewing the key judgement-calls, and helping with case valuation calculations, I can add more value per minute than was previously possible, while simultaneously helping to increase the productivity of more junior members of the team. Colleagues in chambers and professional services firms large and small are starting to see the competitive opportunity that this presents for the delivery of their own services. It is early days, but momentum is building behind this new approach. ■





KEEPING TRACK OF YOUR DIGITAL ASSETS—JAMES BOND STYLE

Susannah Roth, Margaret O'Sullivan Estates

Digital assets, simply put, are anything stored digitally which has value, either financial, sentimental or otherwise, as further described below. These days, keeping track of your digital assets (login emails and passwords) is an important part of estate planning. Keeping accurate records of your digital assets makes your estate and trust administration much easier for your executor, too.

Digital assets are hard to understand and harder to track. There are always new ones being created and the underlying technology can be next to impossible for the ordinary person to understand. A person's digital assets also change over time as they acquire new ones and update the access (e.g. their passwords) to their existing ones.

Messaging services and social media

It's rare to find someone who doesn't have an email account these days. They are used not

only for communication, but also for authentication and access purposes for a number of different applications and for document storage. Messaging services such as WhatsApp and Signal are used the world over, and social media such as LinkedIn, Instagram, and more recently TikTok, are ubiquitous.

Users also often store vast amounts of communications and photos on social media sites. These services come with an individual user agreement typically allowing lifetime use. Users are generally restricted from allowing others access to their account. Some, like Facebook, have built-in options family can access after death, many do not.

Entertainment and subscription services

These services give individual users licenses either for single items (a song, album or movie) or offer subscriptions for access to all the content available on that service (e.g. Netflix, Spotify, Kindle

Unlimited). Single items allow unlimited lifetime use; subscription services last for the duration of the subscription period.

All rights are personal to the user and non-transferrable, and users agree to restrictions on use of their accounts or items (as well as their rights being governed by intellectual property law generally).

Virtual payment and shopping or other service accounts

Virtual payment services (e.g. PayPal) are linked to a user's bank account or credit card. Users pay a fee depending on the service, or they may have free access with another purchase (e.g. Apple Pay is free for iPhone owners).

Online shopping accounts and other service accounts or applications (e.g. Uber) offer users convenience or access to services once an account is set up. These may or may not be linked to a bricks-and-mortar store, and some are linked to a pre-authorized

payment method. Again, these are individual user services with accompanying agreements which typically restrict usage.

E-businesses

E-businesses can be a more traditional business with a website through which sales are also conducted or a virtual business conducted in an online environment. Influencers, for example, have e-businesses, earning income from monetization of online content and ad revenue sharing (such as on YouTube) or sponsored content (such as on Instagram). Online businesses are usually personality-driven, although some content may continue to generate income without its creator (e.g. e-books).

Business owners will have user agreements with the platform their content is published on, but the content itself will be their property, although accounts, and therefore access, may be personal to the user depending on the structure of their business and the user agreements they have with the platform in question.

Cryptocurrency, blockchain assets and other tradeable assets

Cryptocurrency (e.g. Bitcoin) is held in software (hot wallets), hardware (cold wallets) or on trade exchanges. Blockchain assets like non-fungible tokens (NFTs) are essentially a link to a one-of-a-kind underlying asset or may be an encrypted contract for an asset, typically stored in a digital wallet and accessed by private key. Access often requires multiple layers of authentication, and loss of passwords or other authentication tools means the asset is lost to the owner permanently.

Some users now have dedicated devices and even dedicated email accounts and backup hardware kept in a safe deposit box for access to hot wallets or exchanges (does this remind anyone else of a James Bond movie? What about the [Merrion vaults in Spectre?](#)). Apparently, this is quite common in Switzerland's "[Crypto Valley](#)" now (fun fact – Ethereum is legally [a Swiss charitable foundation](#)).

Digital storage devices

Photos are a typical example of this type of digital asset, but documents are also very commonly stored by individuals using online services. Usually these are accessed by password and subject to individual user agreements, with the same restrictions as other online services, although the content is owned by the user and not the storage service.

There are a variety of digital assets and the rights that come with them vary just as much. Further, since the assets reside in a number of different jurisdictions (depending on where the underlying service provider is based), different laws may govern the assets, and the rules regarding access by someone other than the user/owner are unfortunately not universal. Accessing a person's digital assets after they become incapable or die can therefore be a complex and time-consuming process, even if their substitute decision-maker, executor or family has a complete list of these assets, which is often not the case.

In [this scene](#) from Casino Royale (2006), Dame Judi Dench's character M has Daniel Craig's James Bond injected with a tracker so that she can keep a closer watch on him.

While there are some useful tracker apps out there which you can use to locate lost digital devices, you can assist your executor and family enormously by simply making a complete inventory of your digital assets and devices and keeping it up-to-date. Then, discuss with your estate planning professional how best to provide access to these assets when you are no longer able to do so.

Thought should be given to how best to store passwords and other access information securely as part of this conversation.

Don't worry, you won't need a license to kill to keep your digital assets on track. ■



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